
A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that residents and
2 businesses in the Puna district on the island of Hawaii have
3 been severely impacted by the June 27, 2014, Puu Oo lava flow.
4 Part of the impact is due to the imposition of a moratorium on
5 the sale of new insurance policies in certain areas in the Puna
6 district.

7 Accordingly, the purpose of this Act is to allow some
8 homeowners who have had continuous insurance in lava zone areas
9 that the mayor of the county of Hawaii has declared to be in a
10 state of emergency to:

- 11 (1) Have those insurance policies renewed;
12 (2) Provide for continued insurance coverage for
13 homeowners who wish to sell their homes;
14 (3) Provide the opportunity for insurance coverage for new
15 buyers of an insured property; and
16 (4) Allow a homeowner who had no prior insurance to
17 purchase insurance coverage with the effective date of



1 the coverage to be within six months from the date of
2 acceptance.

3 The legislature notes that upon this Act's enactment, the
4 Hawaii Property Insurance Association will lift its moratorium.

5 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
6 amended by adding two new sections to article 10E to be
7 appropriately designated and to read as follows:

8 **"§431:10E- Lava zones defined.** As used in this article,
9 "lava zone" means a volcanic hazard zone identified by the
10 United States Geological Survey on the island of Hawaii.

11 **§431:10E- Provisions for properties in lava zones;**
12 **county of Hawaii.** (a) Where the mayor of the county of Hawaii
13 has issued a proclamation declaring the existence of a state of
14 emergency due to the threat of imminent disaster from a lava
15 flow in a lava zone, the total number (rounded to the nearest
16 whole number) of property insurance policies that an insurer may
17 refuse to renew in a lava zone shall be limited for each
18 calendar year to five per cent of the total number of covered
19 policies of the insurer in force in that lava zone.

20 (b) Notwithstanding subsection (a), an insurer may cancel
21 or refuse to renew a property insurance policy where:



(1) Premium payments for the policy are not made after reasonable demand therefor; or

(2) The commissioner determines the financial soundness of the insurer would be impaired."

SECTION 3. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to article 21 to be appropriately designated and to read as follows:

"§431:21- Issuance of new policies; renewal of moratorium. If residential property insurance is unavailable due to a moratorium on the issuance of policies on property situated in lava zones where the mayor of the county of Hawaii has issued a proclamation declaring a state of emergency exists due to the threat of imminent disaster from a lava flow, the association shall remove its moratorium. Upon the moratorium's removal, the association shall issue new policies and may provide a waiting period of no longer than six months for the policy coverage to take effect; provided that the residential property had no prior insurance."

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.



Report Title:

Property Insurance; Hawaii Property Insurance Association;
Policies; Non-renewal; Lava Zone; State of Emergency; Moratorium

Description:

Specifies the total number of property insurance policies that an insurer may refuse to renew in a lava zone during a state of emergency due to lava flow in that lava zone, with specific exceptions. Specifies that if residential property insurance is unavailable due to a moratorium on insurance policies in a lava zone during a state of emergency due to lava flow, the Hawaii property insurance association shall remove its moratorium; permits the Hawaii property insurance association to issue new policies and provide a maximum waiting period of six months for the policy coverage to take effect after the moratorium is removed. (SD2)

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